HE MONETARY STRESS OF THE COUNTRY

The Financial System Inaugurated by Albert Gallatin, Secretary of the Treasury in 1812.

Struggle to Establish a New National Bank.

THE DEBT WHICH THE WAR ENTAILED

WANT OF A NATIONAL CURRENCY

War Between the Banks and the People.

GREAT SUFFERING AMONG MERCHANTS

Our Monetary Matters Finally Straightened.

FEE COUNTRY PROSPEROUS. LLORME TO ALGORY C. MAGHEY.

CONDITION OF THE COUNTRY IN 1812. the commencement of the year 1812, just pre-to the breaking out of the second war with see to the breaking out of the second war with the Britain, the finances and commercial stand-g of this country were in what may be justly read a sound and satisfactory condition. The bit which had been contracted during the Revolu-ia was in course of gradual liquidation, with the pro-ct of soon becoming extinguished; the civil expenses the government were comparatively light; the burden taxation was no longer felt; trad flourished, com-erce progressed and expanded, and a bright future pre-nted itself. But the approaching difficulties with the ree progressed and expanded, and a origin term pro-ted itself. But the approaching difficulties with the ther country soon began to attract the attention of people, and in a short time the overbearing spirit ich manifested itself on the other side of the water ave unmistakable evidence that war was inevitable, and

ostilities were finally aunounced as existing by a procla-action from President Madison, issued on the 19th of

The war had been anticipated by Congress, and conse-uently, on the 14th of March preceding, a loan of eleven illions of dollars was authorized. It bore six per cent st, payable every three months, and the principal to edecimed at the convenience of the government, after.

The books for receiving subscriptions to the ioan duly opened on the first and second days of May, at Portamouth, N. H.; Boston, Mass.; Providence, Hartford, Conn.; city of New York; Philadelphia, Baltimora, M.A., Washington, 1981 Pa; Baltimore, Md.; Washington, D. C.; Richmond, Va., and Charleston, S. C. The subscribers, according to the terms made known by Albert Gallatin, who was then clary of the Treasury, were to pay the amount of their subscriptions in eight instalments, twelve and a half dol-lars on each one hundred dollars to be paid at the time of caies of funded capital stock of the denominations of \$190, \$480, \$1,000, \$4,000 and \$10,000. The spirit and atriotism of at least the moneyed portion of the people ad not become fairly aroused, and when the books lead is was found that but little over half of the loan

ad been taken. war was rapidly approaching, and as eight mil lions of the loan was appropriated by the law authorizing it to the payment of the interest and redemption of the of the then existing debt, and with only three and a half millions in the treasury, the financial prospect

THE PIRST ISSUE OF THEASURY NOTES.

view of this fact the Secretary of the Treasury one year treasury notes, and Congress accordingly, on the soth of June, 1812, granted the necessary power for that purpose. The notes bore interest at the rate of five and but were made receivable for all dues to the United g duties, taxes and for the purchase of ble lands. There were many who distrusted this noted stroke of Mr. Gallatin, and who contended that the soics would ultimately become as worthless as the old continental money; but such predictions were soon falsified, as they were freely taken at par, with the ined to the extent of their shillty to do so ANOTHER LOAN-BETTER SUCCESS.

es had now commenced, and the liabiliti ent began to accumulate. In January, 1813, sed the Secretary to borrow an addithe largest loan ever yet asked by the United States at one time, and although it was looked upon as being enormous, the people had sed to the necessity of supporting the rnment. The proposals issued from the Treasury artment stipulated that the subscribers were privileged to take the loan or any portion of it at a nominal discount of twelve per cent, or, in other words, to pay eighty-eight dollars in coin for each one hundred dollars of stock, or to take the stock at par at six per cent interest, with an annuity of one and a half per cent added for thirteen per cent interest. The books were opened on the 12th of March, 1813, and by the 20th of April, the time including ob Astor, of this city, took two millions, and Stephen Girard and Mr. Parish, of Philadelphia-the former a Frenchman by birth, and the latter an Englishn-took two millions for themselves and five millions for their friends.

THE THIRD LOAN AND A DIRECT TAX UPON THE

The expenses of the war continued to increase to such an extent that another loan was rendered necessary, and Congress, on the 24 of August following, passed a izing the Secretary to issue proposals for and a half millions on the same terms upon which the preceding loan was negotiated, and a direct tax was ut the same time levied upon the States, then eighteen in number, for three millions more. Proposals for the advertised for until the 23d of September, 1813, upon the

The stock to be issued for the money (specie) loaned beer an interest of six per cent per annum, payae quarter yearly, and the proposals to distinctly state amount of money offered to be loaned, and the rate which the aforesaid stock would be received for the me. The amount loaned to be paid into a bank or make athorized by the Treasury, in instalments, in the lowing manner:—One-eighth part, or twelve dollars at fifty conts on each hundred dollars, on the 15th day of cooker, one-eighth part on the 15th day of November; ne-fourth part, or twenty-five dollars, on each one hundred dollars on the 15th day of each of the custing onths of December, January and February. The funded ock to be thug issued to be irredeemable till the 31st floesmer, 125, to be transferable in the same maner as the other funded stock of the United States, and be charged for the regular and quarterly payment of principal upon the annual fund of eight millions of ollars appropriated for the payment of the principal and interest of the debt of the United States.

At the time specified the bids we opened, and it was

At the time specified the bids we specied, and it was ound that over twelve and a half millions of dollars had been offered. The best terms were accepted, which were eighty-eight dollars and twenty-five cents in coin for one hundred dollars of stock.

MR. GALLATIN'S PINANCIAL PLAN. be here mentioned that the floancial plan of Mr. tin, adopted at the commencement of the war, was to make the revenue of the government equal to the

Total\$23,976,912 MANIA FOR BANKING CAPITAL.

In 1813 the banking capital of the country amounted to about \$75,000,000, and that of the State of New York to \$20,850,000, of which \$14,850,000 was in the city of New York. The circulation, including the Treasury notes, was estimated at between seventy-five and one hundred millions. During the latter part of the year 1813 a mania sprang up for increased banking capital, and not cos were published of intended applications to the Logislature of the State of New York at its session which was to commence on the lat of January, 1814, for eighteen or twenty new moneyed institutions, with an aggregate capital of nearly sixteen millions of dollars, over half of which was for the city of New York. Among the new banks which at that time sought the sanction of the Legislature to commence operations were the Grocers' Bank and the North River Bank

THE FOURTH LOAN.

On the 19th of March, 1813, Congress passed another loan bill for \$25,000,000, which was divided into parcels. The first call under it was for ten millions upon the same terms as the previous loans. Fourtee upon the same terms as the previous rous. Forticus millions were subscribed; but the prescribed amount only was taken, five millions of which was allowed to Jacob Barker, of this city, he having proposed to take that amount. In July of the same year the Secretary of that amount. In July of the same year the Secretary of the Treasury gave notice that six millions more of the twenty-five millions loan were wanting, which was to be

paid by the takers in four instalments on the tenth day of each of the last four months of the year. CONFIDENCE BEGINS TO WEAKEN-SUSPENSION OF CONFIDENCE BEGINS TO WEARIN—SUSPENSION OF SPECIE FAVMENTS.

The financial machinery of the government, owing to the rapidity with which the various loans were placed upon the market, was now, fast becoming complicated, and the monetary affairs of the dountry generally threatened to collapse. The hanks had suspended specie payments; gold was selling for the best of English bills at eight per cent premium, and Treasury notes would no longer pass current.

CHANGES IN THE TEXASURY DEPARTMENT.

CHANGES IN THE TREASURY DEPARTMENT.

Albert Gallatin, who had held the office of
Secretary of the Treasury for nearly twelve
years, had been commissioned by President Madison, much against the wishes of Congress, one of
the Special Enveys to Gottenberg to negotiate a
peace under the mediation of Alexander of Russia, and
the department was left in charge of Mr. William Jones,
as Acting Secretary. On the 9th of February, 1814, the
appointment of Secretary was conferred upon George W.
Campbell, of Tennessee, who, after eight months
of service, gave way to Alexander James Dallas, of Pennsylvania, who continued in the office until near the close CHANGES IN THE TREASURY DEPARTMENT.

of service, gove way to Alexander James Dallas, of Pennsylvania, who continued in the office until near the close
of President Madison's term. These frequent changes in
the Treasury Department had diso a depressing effect, and,
to make matters worse, the anti-war party became loud in
their denunciations of the administration, and the opposition members of Congress attacked in every conceivable form the financial policy of the government. Speculators in cotton and tobacco, tea and coffee, and breadstuffs and provisions, were as grasping then as they are
known to be now, and the entire trade of the country
was fast running into disarrangement. ras fast running into disarrangement.

DIFFICULTY IN NEGOTIATING THE LAST LOAN. The last offer of six millions of government stock could not be negotiated, and European capitalists were appealed to to extricate the Treasury from its embarraesment. But as matters were rapidly drifting from bad to worse, the the constitutional time for the commencement of the reg-ular sassion. The state of the Treasury immediately commanded the attention of both houses. On the 2d of December Mr. Dallas, the Secretary of the Treasury, in a

letter to Congress, and:—

I have never been disposed to disguise the embarrassments of the Treasury. A frank and full development of existing ovils will always, I hope, be best calculated to secure the attention and exertion of the public authorities; and, with legislative aid, I am still confident that all the difficulties of a deficient revenue, a suspended circulating medium and a depressed credit may be speedily and completely overcome. My only apprehension arises from a lapse of time, as a remedy which would be effectual to day will perhaps only serve to increase the disorder to morrow. TERASURY NOTES AGAIN RESORTED TO-TAX BILL

Congress at its previous session had passed another—the with seven and a half millions that remained unnegotiated of the twenty-five millions loan, to trans er from Hon. John W. Eppes, of Virginia, who was chairman of the Committee of Ways and Means in the House of Representatives, was unremitting in his exections to sustain the government credit, and the principal measures ession were the results of his labor. An enlarged ax bill was introduced, which embraced all the nade on the 30th of September, 1314, to alter the consttution so that Congress should have power to establish another national bank. As State bank notes could not be made available by the Treasury, those of one State not passing current in another, the policy of issuing Transury notes was found to thich to transact its business. The public debt, whi the beginning of the year 1813 was about lifty-four millions, had now reached the proportions of one hundred millions, which enormous amount, as it then appeared, having essentially weakened the confidence of the peo-RESTORATION OF PEACE—PANIC AMONG MERCHANTS

The treaty of peace, which had been signed at Ghent, on the 24th of December, 1814, reached this country on the 11th of February, 1815. This had the effect of partial ly restoring confidence in the government credit, but the provided for, and its ability to meet its obligations remained somewhat in distrust On the announcement of peace the reaction in prices caused the greatest alarm, and its effect was severely felt throughout all the ramifity-six conts per pound fell to twelve and a half; tea, which sold at two dollars and afty cents on the day previous to the arrival of the news, was purchased for one dollar; and a corresponding reduction took place in almost every other commodity. Specie, which had risen to twenty-two per cent premium, in the panie which ensued fell to two per cent. Government stocks rose from seventy-six to eighty-eight, and treasury notes from ninety-two to ninety-eight. All this change took place between Saturday, February 11, 1815, and the succeeding Monday. As a natural consequence a wide-spread devasta-tion among merchants followed such a sudden collapse in prices, and thousands of the trades people were forced into bankruptcy.

MORE TREASURY NOTES. On the 22d of February, 1815, another Treasury note bill was passed, for twenty-five millions. The notes of a mination than one hundred dollars, under the provisions of this bill, were to be fundable at seven per cent, and those of denominations over one hundred dol-lars to bear an interest of five and two-fifths per cent,

and to be fundable at six per cent.

A NEW MATIONAL BANK. The proposed establishment of a new national bank new commenced to attract attention in financial and ercial circles. It was first brought into the House of Representatives by Hon. John G. Jackson, of Virginia, on the 30th of September, 1814, at the suggestion of Alexander J. Dallas, who had just been appe ecretary of the Treasury.

the financial policy of the new Secretary, and in a letter to Congress, dated October 14, 1814, he recommended that it be incorporated for a term of twenty years, to be located in Philadelphia, with power to erect offices of dis-count and deposit elsewhere, upon the following prin-

cipies:—
That the capital of the bank shall be fifty millions of dollars, to be divided into one hundred thousand shares, of five hundred dollars each. Three-fifths of the capital, being sixty thousand shares, amounting to thirty millions of dollars, to be subscribed by corporations, companies or individuals; and two-fifths of the capital, being forty thousand shares, amounting to twonty millions of dollars, to be subscribed by the United States.

That the subscriptions of corporations, companies and

of the capital should be sold for less than par without the consent of Congress.

That the capital of the bank, its notes, deposits, dividends or profits should not be subject to taxation by the United States or by any individual State.

That no other bank should be established by Congress during the term for which the national bank, was to be incorporated.

during the torm for when the hattonal bank was to be incorporated.

That the bank should be governed by fifteen directors being resident citizens of the United States and stock holders. The President of the United States to annually name five directors, and designate one of the five to be the President of the bank. The other directors to be annually chosen by the qualified stockholders in person or by proxy, if resident within the United States, voting upon a scale graduated according to the number of shares respectively held.

The necessity of such an institution at the time, hav-

The necessity of such an institution at the time, having in view solely the relief of the government finances and the establishment of a uniform currency, could hardly be questioned. As will be seen according to the plan here proposed, twenty-four millions of government habilities were to be swept from the market, which it would be natural to suppose would have a tendercy to raise the government credit, and thirty millions were from time to time to be loaned to meet the pressing ne-cessities of the Treasury. The following resolution was introduced in the House on the 28th of October, 1814:— Which was passed by a vote of ninety-three to fifty

the members voting in the negative were induced to do so by doubts of the constitutionality of the measure. On the 7th of November, 181e, a bill for the establishment of a national bank was formally introduced by the Hon. Jonathan Fisk, of New York. The provisions of Hon. Jonathan Fisk, of New York. The provisions of the act did not vary materially from the plan recom-mended by the Secretary of the Treasury, except that it prohibited the bank from engaging in mercantile specu-lations, and from leaning the government, at any time, more than three hundred thousand dollars, and from leaning any particular State more than fifty thousand were made receivable in all payments to the United States, and power was given to the President to order the suspension of coin payments if at any time an undue pressure for specie was made upon the bank either for experiation or with a sinister design to injure the institution. When the bill came before the House on the 15th of November, Mr. Calhoun proposed to change many of its features. He contended that one-tenth of the capital stock should be paid in specie, that the shares should be one hundred dollars each instead of five hundred, that tions, nor right to order the suspension of specie pay-ments, and the bank not to be compelled to make any loans to the government. There were numerous conflictget rid of which the House decided to refer it, with all the proposed amendments, to a select committee; but the committee were no more capable of settling the differences than the House, and they therefore returned the bill in the same shape that they received it. There was no way left then for the House to untangle the snarl into which the bill had become twisted but to reject it; and accordingly on the 28th of November, 1814, a third reading was refused by a vote of 107 to 45. The Sonate subsequently took it up and passed it, and sent it to the House for concurrence on the 10th of December. On the 29th of that month the bill came up for a third reading, and that day's session was represented as being the most boisterous of any that had occurred for many years. The bill was attacked with the most determined zeal by those who were opposed to its passage, ed zeal by those who were opposed to its passage beset with every obstacle that could be thrown in its of and eighty against. Hon, Langdon Cheves, of South Carolina, Speaker protess, in the absence of Henry Clay, who had been sent to Europe as one of the peace com-missioners, announced that, as under the rules of the House he was entitled to vote, he should record his vote in the negative. This made a tie, and the bill was accordingly, under parliamontary rule, declared rejected. On the following day—January 3d—the vote was reconsidered, and the bill was again given to a select committee, which reported it back to the House on the 6th with a number of amendments, which were adopted, the most material of which were, reducing the capital stock from alty to thirty millions, such capital to be composed of five millions of specie, fifteen millions in Treasury nstead of five hundred. The next day the bill passed the provision granting power to the Pre-ident of the Un rad States to order a suspension of specie payments in certain cases, the Senate onde wored to have it reinstated, and to add five millions to the capital stock, but the House refused to sanction those amendnents, and the Senate dually, on the 20th of January 1815, passed the bill as it came from the House the last On the 30th, President Madison returned the bill, unsigned, with various objections. On the 6th of February, the original bill, as recommended by the

three. Another nill to establish a national bank, with a capital of thirty-five millions, was brought before the succeeding Congress and finally passed on the 5th of Having given a succint history of the struggle to establish a national bank, which has led us beyond the ogical order of the financial events of the country, we will return to the examination of the condition of affairs in the early part of the year 1815, after the resto

ecretary of the Treasuary, was again introduced in the

nately postponed by a vote of seventy-four to seventy-

ate by Mr. Barbour, of Virginia, and on the 11th passed by a vote of eighteen to lifteen. It was sent to

use, and on the 17th of February it was indefi-

THE WAR DEBT AND THE POPULATION. The debt created during the war, as far as known at the time peace was restored, amounted to about sixty-nine millions of dollars, which, added to the liabilities at the commencement of the troubles with England, made the whole a certained indebtedness of the country on the first of January, 1815, amount to one hundred and nine militons, and it was thought that at least twenty millions more, over and above the surplus revenue, would be required to most outstanding obligations. The population of the country in 1815 was about nine millions, including one million three hundred thousand slaves and two hundred thousand free colored.

The return of peace having partially, as we before stated, restored the public credit, Congress was again induced to resort to loans to relieve the treasury, and ar act was accordingly passed authorizing the Secretary to borrow eighteen and a half millions on six per cent stock, and on the 10th of March, 1815, proposals were solicited for twelve millions of the amount, nine and a quarter millions of which was taken at rates varying from ninetyrejected by the Secretary ranged only between seventy-five and eighty-nine dollars in money for one hundred in stock. In rejecting these proposals Secretary Dallas stated that an honorable regard for the public credit would not permit him to allow the loan to assume the character of a scramble, subservient to the ions which create what is called a market price. and shifting in every town and village according to the rbitrary variations of what was termed the differen

TREASURY NOTES AND THEIR REDEMPTION. The Treasury notes, which in 1814 had become depreciated, also took a guiden rise, and com-manded a premium equal to the amount of interest that had accrued upon them. They were used to pay the duties on the largely increased importations which at this time were pressing into the princ 15th of June, 1815, the department gave notice that the Treasury notes which had become due would be reo fund them, and the interest to coase upon all which should be due and remain outstanding. WAR BETWEEN THE TREASURY DEPARTMENT AND

The banks were not ever pleased with an order; but the government contended that if they refused to receive the moneys of the United States the United States might justly refuse their bills. But as the Treasury notes were rapidly appreciating in value, it was not long before the order lost its obnexious feature, and most of the banks became rather eager that otherwise to avail themselves of the privilege of dealing in them. The 8-cretary addressed a circular to all the banks asking them whether were willing, as before stated, to receive, reissue. dressed a circular to all the banks asking them whether they were willing, as before stated, to receive, reissue and circulate the Treasury notes, or such of them as had not become due, and informing them if a negative answer or no answer at all was returned the receiving of their notes in all payments to the United States would be prohibited. The Bank of New York, the New York Manufacturing Company, the Bank of Augusta, (i.a., and the Middletown Bank of Connecticut peremptority declined the proposition, and the Bank of America, the Union Bank and the Merchants' Bank of this city and eleven others neclected to The Secretary was prompted in this most solely by a desire to relieve the country the embarrassment produced by the want of a national circulating medium, and to secure the co-ope-ration of the banks with the Treasury. Seven of the ration of the banks with the Treasury. Seven of the banks above referred to as discarding the terms of the Secretary found, after mature reflection, that a war upon the Treasury Department would not be likely to prove profitable in the end, and they accordingly came in and surrendered. They were the Bank of Hudson, the Bank of Utica, and the Orange county Bank, of this State; the State Bank of Morristown, N. J.; the Bank of Northern Liberties. Philadelphia, and the Farmers and Medical Liberties, Philadelphia, and the Farmers' and Meel

MORE TRASURY NOTES WANTED AS A GIRCULATING MEDIUM.

It was the opinion of many private bankers and financiers at this time that it would be a proper policy for the government to issue a large amount of Treasury notes of smaller denominations, without interest, like the present greenback currency, and with them buy up the government stocks and thus save the interest. It was thought that thirty millions could thus advantageously be put affect and kept in circulation, making an annual saving to the government of two millions, which would otherwise have to be paid in interest. The fact that the Treasure notes were current in Canada at per for coin con-

DISCOUNT ON GOVERNMENT NOTES. freely offered, and in Philadelphia they were but two per cent below par. We give the following table of prices in

DIPPERENCE IN MATE OF EXCHANGE EMBARRASSING

The differences in the rate of exchange between the banks in different localities was the cause of much timberrassment to the Treasury, for, however adequate it might have been to meet the public engagements, the possession of funds in one part of the Union afforded no evidence of its capacity to discharge a debt in another part. The public stock, created in consideration of a inequalities of the exchange, although to the govern ment the value of the stock created and the obligation of

At the close of the year 1815 the national Treasury might be termed plethoric, which was owing to the large sum of twenty-five millions. The receipts and expen-ditures during the year were as follows:—

Included in the expenditures was over nine millions of dollars paid for int rest and principal on the public debt,

A UNIFORM CUBRENCY AND A NATIONAL BANK. The attention of all classes was now turned towards the adoption of some measures calculated to establish a uniform corrency. The Secretary of the Treasury, in his annual report, dated December 6, 1815, brought the mat-

First-Whether it won! be practicable to ren irculation of gold and silver coins. Se ond-Whether the State banks could be

fully employed to furnish a uniform currency. Third—Whether a national bank could be employed more advantageously for the same purpose.

Furth—Whether the government would itself supply and maintain a paper medium of exchange of perment and uniform value throughout the United States.

The Secretary favored the third proposition, and con-tended that the establishment of a national bank was the best and only adequate resource to relieve the country of its being a measure of necessity, were coincided in by of the committee on national currency in the House of Representatives, had introduced as previously stated, Bank, and on the 6th of April, 1816, he brought in a bill for the more effectual collection of the revenue in lawful noney. The act provided that after the end of the year 1816 the notes of the State banks which did not pay specie should not be received in payment of debts due the United States, and it also imposed the following stamp duties upon all bills which were not redeemable in

This tax measure was found to be so unpopular that Mr. Calboun was induced to ask that the mitted to the committee, which was dong, and on the following day (April 7) he reported it with the ten per cent tax on bank notes stricken out. Mr. Calhoun subsequently proposed an amendment by inserting a section authorizing the issue of fifteen millions of noninterest bearing Treasury notes, which he afterwards withdrew, and the whole bill was finally rejected by a vote of fifty-nine to sixty. On the 26th of April, sed, requesting the Secretary of the Treasury, after the 20th of February, 1817, to cause all duties, legal currency—gold and silver—or in Treasury notes, or bills of the National Bank. The passage of the bill for the establishment of a bank of the United States, coupled with the above resolution, settled for a short time the exciting question in relation to a uniform currency.

THE STATE HANES DISSATISFIED.

The State banks, or at least a portion of them, were not pleased with the course adopted by the government, and they were not disposed to accede fully with the requirements of the acts of Congress. They were willing to receive and circulate the Treasury notes; but they did not seem disposed to resume specie payments, a suspen-sion of which they had found profitable for over two years. The issue of their notes to an unlimited extent was to them a very pleasant operation, but to be forced to redeem them was an exaction they desired to be left out of the bargain. When it was found, however, that the Congressional enactments were imperative, the banks of New York, Baltimore and Philadelphia sent representatives to the latter city in August, 1816, to adopt a compromise, which resulted, so far as the banks were concerned, in an agreement to resume specie pay-ments on the first Monday in July, 1817, just three years after the suspension. But the Secretary of the Treasury would not be put off, and he was determined to carry out the law, and throw out the bills of all those banks stipulated by the act requiring duties and dues to the government to be paid in coin, Treasury notes, or bills of specie paying banks. The New England banks, having

divided:-	the property of the party of the latest of	
The second second second second	Shareholdere.	Amount
Philadelphia	3,566	\$8,878,400
Balt.more		4,014,100
Roston	306	2,402,300
Charleston S C	1,588	2,598,600
Naw York	2,084	2,001,200
Richmond, Va	Limos	1,698,700
Weshington, D. C	618	1,270,800
Lexington, Ky	710	958,700
Augusta, Ga	102	826,300
Postdones R I	144	741,900
Middletown Conn	2,474	587,200
Wilmington, Dol	1,010	470,600
Cinc annal, O	the life of the same	470,000
New Orleans, La	43	380,500
Raleigh, N. C	268	258,500
Portland, Me	22	203,600
New Brunswick, N. J	86	130,200
Portsmouth	14	120,600
Nashville, Tenn	14	63,600
Birlington, Vt		6,300
Government	and the state	7,000,000
Total	31,835	\$85,000,000

DESIRE FOR MORE BANKING CAPITAL. The mania for banking capital, which was before referred to, was increasing, and from twenty to thirty applications were at all times before the New York Legislature for bank charters. As an evidence of the wild spirit which was then prevalent to secure stock in moneyed institutions we will cite the case of the opening of the books for subscriptions to the stock of the Niagara Bank of Buffalo, which had just been chartered, with a capital of four hundred thousand dollars. The books were opened on the lat of July, and, when they

are had been subscribed. "SHINPLASTERS." that immediately after the suspension of specie pay-ments by the banks in 1814, that "shinplasters" were of silver from circulation, and they continued to be used until the 25th of September, 1816, when the banks and

BANKS FLANKED.

The war between the Treasury Department and the

banks was still going on with little prospect of an adjust-ment of the difficulties; and in the meantime the m rchants and manufacturers, and in fact all branches of business were depressed, owing to the contraction on the part of the banks of their discounts and a sudden rethe part of the banks of their discounts and a sudden reduction of their circulation, as well as a want of a
proper medium of exchange; and each succeeding day found matters in a more deplorable
condition. The Legislature of Virginia, as before
noticed, had passed a law making it incumbent
upon the banks of that State to resume specie payments
on the 15th of November, 1316; but as the moneyed institutions of the Atlantic cities, which seemed to possess
the ruling power, had decided not to resume until July
of the following war, the Governor was compelled to of the following year, the Governor was compelled to call an extra session to have the time for the resumption of the Virginia banks extended. But the new weapon which had been placed in the hands of the Secretary of would be ready to commence business on the lat of January, 1817; and Mr. William H. Crawford, who had succeeded Hon. Alexander J. Dallas, as the head of the Treasury Department, feeling disposed to carry of the views of his predecessor, immediately informed the State banks—or such of them as held government funds—that was a movement that the banks had not anticipated, and were unprepared to combat; and they accordingly held another meeting in Philadelphia, at which they agreed to surrender and open their vaults to their billhole

TROUBLE IN FINANCIAL CIRCLES—BANES SHAVE EACH OTHER'S NOTES—MONIED INSTITUTIONS DE-

government experienced in its monetary affairs, and brought our record down to the year 1817, at which time proaching storm. Although the balance of trade since the close of the war had been greatly against us, particuhundred millions of dollars, specie flowed in from France the latter country having been sent by adventurous capion the difference of exchange, greatly to the annoyance of the commercial community. The country was again many cases irredeemable, and the condition which the tion of it formed by the nationar bank notes, may be justly termed the inauguration of the "wild cat" or "red dog".

different States in this city:-Virginia. par North Carolina. 13 South Carolina. 1 Georgia. 2 Kentucky. 4

banks which nominally redoemed in specie. As the rates were nearly the same in all the cities except upon the bills of their own banks, the trading commanity were subject to a steady shave on the paper forming the circulating medium, the profits from which, of course, tended to enrich the banks. This caused a feeling to arise against them, and, as the mother bank participated in it in a of the same operation, a regular war finally broke out in 1818 against all moneyed institutions and paper circulation. The National Bank, or "mammoth" opoly," as it was fermed, was accused of treachery to the people and speculating on their necessities, and the State institutions were charged with swindling. The war finally found its way into the political organizations, and the issue at the elections was mainly banks or no banks, the affirmative party being fostered by what the opponents termed the "moneyed aristocracy." The evil which it was contended the banks were producing was even carried before grand juries, and by many of the bodies their course was severely reprimanded

UNITED STATES BANK SHAVES ITS OWN NOTES. The sound "national currency" which the peo-ple had anticipated would follow the establishment of the United States Bank disappointed this expec-tation, except so far as it related to government actions; and, as if to dispel any lingering idea of hope for the future, the mother bank on the 18th of August, 1818, gave notice that it would no longer receive a par the notes made payable at its branches, of which tion of its charter, and the feeling that had been in rated against its management became, in consequence more intense, and caused Henry Clay, who had been chosen one of its directors, to decline the pos 1817 the stock of the mother bank was worth owing to the war which was waged against it and losees it sustained, its shares in 1820 were sold as love 97, but as the troubled waters began to settle in the sub-sequent years, it recovered a portion of the confidence is had lost, and by 1828 its stock was up to 117.

Refore the close of the year 1836 the public debt had been reduced to neventy-three millions, or to nearly one-half the amount with which the country was burdened at the close of the war. This amount, however, did not include the government subscription of seven millions to the stock of the United States Bank, which had not been paid in, but upon which it paid an interest of dve per cent. MODE OF REDUCING THE INTEREST ON GOVERNMENT

On the 8d of March, 1828, Congress pa effect of which was to reduce the interest on twelve millions of the six per cent stock to four and a half per cent.

by the Contract of the United States, of which the fourth and fifth sections are in the words following Sur. 3. And be if Justice surface, That a subser to the amount of twelve multima of follars, of the cent stock, of the year sight section of the same is hereby pa coast; for which p be and the same is hereby pa coast; for which p books shall be opened at the Treasury of the States, and at the several loan oh, "es, on the first of most, to continue open until the first day of onest, to continue open until the day of subservations." thereafter, for such parts of the at of substrict scription of stock as shall, on the day of substrict stand on the books of the Treasury, and on those of substrict stand on the books of the Treasury, and on those of several loan offices, respectively, which subscripts hall be effected by a transfer to the Unit of States, the manner provided by law for such transfer, of credit or credits standing on the sad books, as thy as credit or credits standing on the sad books, as the standard that all subscription, by such transfer of sto vided that all subscription, by such transfer of sto whall be considered as a part of the said twelve milling of dollars authorized to be borrowed by the first such

of dollars authorized to be borrowed by the first section of this act.

Sec. 4. And be it further emacled. That, for the whole or any part of any sum which shall be thus subser-bed, cred its shall be entitled to a cortificate or certificates, purporting that the United states owe to the holder or helders thereof, his, her, or their assigns, a sum to be expressed therein, equal to the amount of the principal stock thus subscribed, bearing an interest not exceeding four and one-half per centum per annum. payable quarterly, from the thirty-first day of December, on thousand eight hundred and twenty-five; transferrable in the same manner as is prov deed by law for the transfer of the stock subscribed, and subject to redemption at the placure of the United States, as follows:—One half at any time after the thirty-first day of December, the thousand eight hundred and twenty-ci-fit; and the r-mainder at any time after the thirty-first day of December, the thousand eight hundred and twenty-nine:—Prov ded that no reimpursement shall be made, except for the whole amount of who new certificate; nor until after at least six months public notice of such intend d reimbursement. And it shall be the duty of the Secretary of the Treasury to cause to be retransferred to the respective subscribers the several sums by them subscribed, beyond the amount of the certificates, of four and one-half per cent stock issued to them respectively.

Sec. 5. And be it further enaced, That the same funds which have hereto ore seen, and now are, pledged by law for the payment of the interest, and for the redemption and relimbursement of the stock, which may be resulted to the payment of the stock, which may be resulted to the payment of the principal of the same. And it shall be the duty of the commissioners of the shift fund, yearly and every year, such sum and sums as may be annually required to discharge the interest according on the stock which may be created by virtue of this act. The said commissioners are also hereby authorized to apply,

States.

thould subscriptions of said stock be made to an amount exceeding twelve millions of deliars, a distribution of the said sum of twelve millions will be made among the subscribers, in proportion to the sums subscribed by them respectively.

SAMULL 1. SOURTARD hem respectively.

SAMURL L. SOUTHARD,
Acting Secretary of the Treasury
THE COUNTRY PROSPEROUS.

The credit, finances and prosperity of the country were from that time onward and upward, and the history of one year's flovements would be only repeating the events of the proceeding twelve months, until, in 1882, there was found in the Treasury a surplus of unappropriated funds amounting to forty millions of de

City Intelligence.

Drowsing Caspairing.—On Friday last Ann L. Wenkelmann, a child four and a half years old, accidentally fell into the dock foot of Charles street, North river, and

was drawned. Search was mad for the body, and on Saturday afternoon Mr. Wenkelmann, who lives at 517 West rixteenth street, recovered it. Coroner Gamble was notified to hold an inqu st. James Connoily, a ind seven years old, whose parents live at 342 Greenwich street, was drowned by accidentally falling overboard from pier No. 4, North rives. The remains have not yet been recovered.

ington was six miles this side of Wilmington. De a said accident occurred to a soldier of Com Eighty second regiment New York thate. Volve who was a passenger in the train. It appears infortunate man had his two legs out of the when, coming in contact, with a bridge, they we torn completely from his body. The poor fellow at Wilmington, still living, but no hopes are ent of his recovery. He was a discharged soldier, way to Now York, and about twenty-two years His name has not transpired.

prevalence of a severe storm of rain the funeral services of Capta n Peter Henry, of Company E, Tenth regiment, in the afternoon, and tery, where they were

A NEW LINE OF STREET RAILWAY. - The facilities enjoyed by our citizens for transportation from one part of st city to another are at present considerable and far bett than they once were; but there seems to be room left for than they once were; but here seems to be re-improvement. A new line of railway is now it construction, leading from Wall street fer Hanover square and Poarl street, and intended with some of the lines already in operation. has just commenced, and is being pushed forw pletter, with considerable degrated.

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